

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 1997-089-C AND 1997-174-C THROUGH 1997-195-C

ORDER NO. 2005-493

OCTOBER 3, 2005

IN RE:	Tariff Revision Filings of Certain Local Exchange	)	ORDER APPROVING
	Telephone Companies to their General Subscriber	)	MOTION AND
	Service Tariffs - Discuss with the Commission a	)	ADOPTING
	Joint Motion to Review and Approve Settlement	)	SETTLEMENT AND
	Agreement and a Mutual Settlement Agreement and	)	RESULTING TARIFFS
	Release along with Tariff Revisions Filed by	)	
	Margaret M. Fox, Esquire, on Behalf of the	)	
	Following Companies: Alltel South Carolina,	)	
	Incorporated; Bluffton Telephone Company,	)	
	Incorporated; Chesnee Telephone Company; Chester	)	
	Telephone Company; Farmers Telephone	)	
	Cooperative, Incorporated; Fort Mill Telephone	)	
	Company d/b/a Comporium Communications;	)	
	Hargray Telephone Company, Incorporated; Home	)	
	Telephone Company, Incorporated; Horry Telephone	)	
	Cooperative, Incorporated; Lancaster Telephone	)	
	Company d/b/a Comporium Communications;	)	
	Lockhart Telephone Company; McClellanville	)	
	Telephone Company; Norway Telephone Company;	)	
	Palmetto Rural Telephone Cooperative,	)	
	Incorporated; Piedmont Rural Telephone	)	
	Cooperative, Incorporated; PBT Telecom; Ridgeway	)	
	Telephone Company; Rock Hill Telephone Company	)	
	d/b/a Comporium Communications; Sandhill	)	
	Telephone Cooperative, Incorporated; St. Stephen	)	
	Telephone Company; West Carolina Rural	)	
	Telephone Cooperative, Incorporated; and Williston	)	
	Telephone Company.	)	
	BellSouth Telecommunications, Inc. to Provide	)	
	In-Region InterLATA Services Pursuant to	)	
	Section 271 of the Telecommunications Act of	)	
	1996.	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Joint Motion to Review and Approve Settlement Agreement and Release (the "Agreement" which is attached hereto as Exhibit 1 and made a part of this Order) between ALLTEL South Carolina, Inc. ("ALLTEL"), the individual members of the South Carolina Telephone Coalition listed in Attachment A to the Agreement ("SCTC Companies"), and the South Carolina Public Communications Association on behalf of its members ("SCPCA") filed in this docket on or about August 19, 2005.

On August 19, 2005, counsel for ALLTEL, the SCTC Companies, and SCPCA filed a Joint Motion to Review and Approve Settlement Agreement in the above captioned action. In their Motion, the parties indicated that they believed that the Agreement was in the best interest of all the parties as well as the citizens of the State of South Carolina. They further stated that the Agreement had been reviewed by the South Carolina Office of Regulatory Staff ("ORS") which supports the parties' Motion.

The SCPCA is an association whose members are primarily independent payphone providers ("IPPs") who provide payphone service to the public in South Carolina. The other parties to this action, ALLTEL and the SCTC Companies, are incumbent local exchange telephone companies ("LECs") which provide telecommunications services within their defined service areas of South Carolina. The services provided by the LECs include, but are not limited to, Public Telephone Access Service ("PTAS") to IPPs. Each LEC is a South Carolina corporation and a utility under the jurisdiction of this Commission.

This action was initiated 1997 by the SCPCA which alleged that the LECs' PTAS rates exceeded the cost of providing PTAS service. They requested that this Commission establish rates for PTAS service provided by the LECs that are cost based and in the public interest. In response, the LECs alleged that their respective rates for PTAS service were below the respective companies' cost of providing PTAS service.

The parties have agreed that the Settlement Agreement, which they have asked for Commission approval of in their Joint Motion, serves as a final resolution of all issues, claims, and disputes that any of the parties could pursue in any state or federal proceeding related to the matters described in the Agreement.

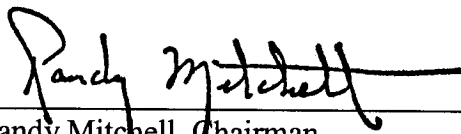
In brief, some of the key terms of the Settlement Agreement provide that the LECs file the Settlement Agreement with the Commission along with tariff revisions for each of the LECs as necessary to reflect the terms of the Settlement Agreement. The tariff revisions reflect a PTAS line rate equal to that LEC's single-line business rate. PTAS service will be provided at the flat single-line business rate and no local per-minute charges will apply. Further, PTAS related features will be made available by the LECs at no charge. The parties further agreed that the tariff revisions will be applied prospectively and that no amounts will be owed to any party as a result of any adjustments in the PTAS rates or rates for associated features. Finally, the parties agreed that they would jointly move for this Order and that the SCPCA would move to dismiss its complaints in the above captioned dockets. The remaining specific terms of the Settlement Agreement are contained in the Agreement which is attached as Exhibit 1 to this Order.

We have examined the Joint Motion to Review and Approve Settlement Agreement and hold that the Motion should be granted. We find the terms of the settlement agreement fair and reasonable and therefore grant the Motion, and approve the Settlement Agreement.


We have additionally examined the tariffs proposed by the Agreement and the resulting rate adjustments and find that they are fair and reasonable. We find that the resulting rates will benefit consumers, permit the parties to avoid further litigation, and provide certainty with respect to the rates charged for PTAS. We therefore also approve the tariffs.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
\_\_\_\_\_  
Randy Mitchell, Chairman

ATTEST:

  
\_\_\_\_\_  
G. O'Neal Hamilton, Vice-Chairman

(SEAL)

DOCKET NOS. 1997-089-C,  
1997-174-C, 1997-175-C, 1997-176-C, 1997-177-C,  
1997-178-C, 1997-179-C, 1997-180-C, 1997-181-C,  
1997-182-C, 1997-183-C, 1997-184-C, 1997-185-C,  
1997-186-C, 1997-187-C, 1997-188-C, 1997-189-C,  
1997-190-C, 1997-191-C, 1997-192-C, 1997-193-C,  
1997-194-C, and 1997-195-C

**MUTUAL SETTLEMENT AGREEMENT AND RELEASE**

This Mutual Settlement Agreement and Release (hereinafter "Settlement Agreement") is made by and entered into between and among the South Carolina Public Communications Association ("SCPCA") and each of the individual incumbent local exchange telephone companies on whose behalf this Settlement Agreement is executed (each individually referred to as "LEC" and collectively referred to as "LECs") (A list of the LECs is attached hereto as Attachment A.) The SCPCA is an association whose members are primarily independent payphone providers ("IPPs") providing payphone services to the public in South Carolina. Each of the LECs is an incumbent provider of telecommunications services within its defined service area of South Carolina. The services provided by the LECs include, but are not limited to, Public Telephone Access Service ("PTAS") to IPPs. Each LEC is a South Carolina corporation and a telephone utility under the jurisdiction of the Public Service Commission of South Carolina ("Commission"). This Settlement Agreement may refer to either SCPCA or the LEC(s) or both as a "Party" or "Parties." This Settlement Agreement shall be effective upon approval of the Commission ("Effective Date").

WHEREAS, SCPCA has alleged that the LECs' PTAS rates exceed the cost of providing PTAS service, and has requested that the Commission establish rates for PTAS service provided by the LECs that are cost based and in the public interest; and

WHEREAS, the LECs have alleged that their respective rates for PTAS service are below the respective companies' cost of providing PTAS service; and

WHEREAS, the Parties disagree as to whether the rates are required under applicable law to be cost based and, if so, what cost standard should be used to determine the cost of providing PTAS service; and

WHEREAS, SCPCA and the LECs have agreed to resolve the issues, claims, and disputes concerning or relating directly or indirectly to the matters described herein; and,

WHEREAS, it is in the public interest to resolve these issues, claims, and disputes without further delay; and

WHEREAS, SCPCA and the LECs intend that this Settlement Agreement also resolve all issues, claims and disputes that either party could pursue in any state or federal proceedings involving facts and issues related directly or indirectly to the matters described herein, and shall apply to all unknown and unanticipated damages resulting from the matters described herein, as well as to all damages now disclosed;

NOW, THEREFORE, in consideration of the mutual promises, agreements, and covenants contained herein, the sufficiency of which is acknowledged by the parties to the Settlement Agreement, SCPCA and the LECs agree as follows:

1. Settled Claims. This Settlement Agreement resolves all of the Parties' disputes regarding the respective LECs' rates for PTAS service, including PTAS line rates, rates for associated PTAS features, and per-message charges associated with PTAS service ("Settled Claims").
2. Consideration. As full and final settlement of the Settled Claims, SCPCA and the LECs agree to undertake the following:
  - A. Within ten (10) business days after execution of the Settlement Agreement, the LECs will file the Settlement Agreement with the

Commission, along with tariff revisions for each of the LECs as necessary to reflect the terms of the Settlement Agreement.

- B. Each LEC will prepare and file tariff revisions to reflect a PTAS line rate equal to that LEC's single-line business rate. PTAS service will be provided at the flat single-line business rate and no local per-minute charges will apply.
- C. Each LEC will prepare and file tariff revisions to reflect that PTAS-related features will be made available at no charge. These features include Answer Supervision, Billed Number Screening, Selective Class of Call Screening, Coin Signaling, Central Office Blocking with Operator Screening, and similar features that were included in the PTAS section of the LEC's tariff as of June 24, 2005. The Subscriber Line Charge, regulatory fees and charges, and charges for features of general applicability to single-line business customers (excluding PTAS-related features discussed above) will not be eliminated and will be charged in addition to the PTAS line rate.
- D. Any LEC that currently has a per-message or local per-minute charge associated with PTAS service will prepare and file tariff revisions eliminating the per-message or local per-minute charge.
- E. Each LEC (with the exception of Rock Hill Telephone Company, Fort Mill Telephone Company, and Lancaster Telephone Company, which are covered in subsection "F" below) agrees that, for a period of at least five (5) years from the Effective Date, it will not change its PTAS line rate except in conjunction with changes in its single-line business rate. The PTAS rate will remain equal to the single-line business rate during this five-year period.
- F. Rock Hill Telephone Company, Fort Mill Telephone Company, and Lancaster Telephone Company agree that, for a period of eighteen (18) months from the Effective Date, they will not increase their PTAS line rates above the single-line business rates in effect for the respective companies as of June 24, 2005. Upon expiration of the eighteen-month

period, each company may set its PTAS line rate at its then-current single-line business rate. Thereafter, for a period of three-and-one-half (3 ½) years, Rock Hill Telephone Company, Fort Mill Telephone Company, and Lancaster Telephone Company will not change their respective PTAS line rates except in conjunction with changes in the respective companies' single-line business rates during this three-and-one-half-year period.

- G. The Parties agree that the tariff revisions will become effective on the Effective Date and will apply on a prospective basis only. The parties expressly recognize that the new PTAS rates are negotiated rates, and that no amounts will be due to any party as a result of any adjustment in PTAS rates or rates for associated features.
- H. The Parties agree that they will jointly move for an Order of the Commission approving the terms and conditions of the Settlement Agreement, and will request that the Commission approve the associated tariff revisions of the respective LECs.
- I. The SCPCA will ask the Commission to dismiss with prejudice its complaints in Docket Nos. 1997-089-C, 1997-174-C, 1997-175-C, 1997-176-C, 1997-177-C, 1997-178-C, 1997-179-C, 1997-180-C, 1997-181-C, 1997-182-C, 1997-183-C, 1997-184-C, 1997-185-C, 1997-186-C, 1997-187-C, 1997-188-C, 1997-189-C, 1997-190-C, 1997-191-C, 1997-192-C, 1997-193-C, 1997-194-C, and 1997-195-C. The Parties will jointly request that the Commission close the referenced dockets.

3. Mutual Release.

- A. SCPCA, for itself and on behalf of its members, agents, officers, directors (in their individual and representative capacities), predecessors, affiliates, successors, assigns, heirs, executors, administrators and trustees ("SCPCA Releasors"), hereby fully releases and forever discharges each individual LEC and its past and present employees, agents, shareholders, officers, attorneys, directors (in their individual and representative capabilities), subsidiaries, predecessors, affiliates, parent corporations, if any, joint



ventures, successors, assigns, heirs, executors, administrators, and trustees ("LEC Releasees") from any and all rights, claims, actions, causes of action, damages, obligations, losses and expenses of whatsoever kind or nature arising out of the Settled Claims, whether in law, admiralty, mediation, arbitration, administrative, equity or otherwise.

- B. Each individual LEC, for itself and on behalf of its employees, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, predecessors, affiliates, parent corporations, if any, joint ventures, successors, assigns, heirs, executors, administrators and trustees ("LEC Releasers"), hereby fully releases and forever discharges SCPCA and its past and present members, agents, officers, attorneys, directors (in their individual and representative capabilities), predecessors, affiliates, successors, assigns, heirs, executors, administrators, and trustees ("SCPCA Releasees") from any and all rights, claims, actions, causes of action, damages, obligations, losses and expenses of whatsoever kind or nature arising out of the Settled Claims, whether in law, admiralty, mediation, arbitration, administrative, equity or otherwise.

4. Effective Date and Governing Law. This Settlement Agreement shall be effective upon approval of the Public Service Commission of South Carolina and shall be governed and construed in accordance with the laws of the state of South Carolina without regard to its conflict of law principles.
5. Successors and Assigns. This Settlement Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capabilities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

6. Costs. Each party agrees to be solely and exclusively responsible, without recourse to the other party thereto, for its own costs incurred in connection with this dispute.
7. Joint Efforts. This Settlement Agreement is and shall be deemed for all purposes to have been prepared for the benefit of and through the joint efforts of the parties hereto and shall not be construed or interpreted against the party originating or preparing it.
8. Authorized Representatives. Each party represents and warrants that its representatives executing this Settlement Agreement are fully authorized to do so on its behalf.
9. Liability. SCPCA and the LECs understand and agree that this Settlement Agreement, any consideration given or accepted in connection with it, and the covenants made in it are all made, given, and accepted in settlement and compromise of disputed claims and are not an admission of liability or wrongdoing by either party. The PTAS rates established herein are the result of a mediated settlement conducted by the Office of Regulatory Staff of the State of South Carolina, and it is expressly recognized that the rates have not been established pursuant to a cost-based standard. Neither this Settlement Agreement nor any part of it may be used in any way against SCPCA or the LECs in any legal, equitable, or administrative action or arbitration, including without limitation any proceedings before the Commission to determine or otherwise examine or review the individual LECs' rates, fees, charges, and prices, except in an action to enforce, or seek damages for the breach of, this Settlement Agreement.
10. Counterparts. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.
11. Legal Advice. Each party hereto agrees that it has had the opportunity to seek and has sought from lawyers any such advice as it deems appropriate with respect to

signing this document, or the meaning of it. Each party has undertaken such independent investigation and evaluation as it deems appropriate and is entering into this Settlement Agreement in reliance on that information and not in reliance on any advice, disclosure, representation or information provided by or expected from any other party or party's lawyers. This is an agreement of settlement and compromise, made in recognition that the parties may have different or incorrect understandings, information and contentions, as to facts and law, and with each party compromising and settling any potential correctness or incorrectness of its understandings, information and contentions as to the facts and law, so that no misunderstanding or misinformation shall be a ground for rescission hereof.

12. Entire Agreement of the Parties. This Settlement Agreement constitutes the entire agreement with respect to the subject matter contained herein and supersedes all prior agreements and documents regarding this subject matter. No terms or conditions of this Settlement Agreement may be modified or waived except by an instrument in writing duly signed by or on behalf of each of the parties hereto and approved by the Commission.
13. Title and Captions. Title and captions to each article and paragraph herein are for reference only and have no substantive meaning.
14. Severability. If any provision of this Settlement Agreement, or part thereof, shall be held invalid or unenforceable in any respect, the remainder of the Settlement Agreement or provision shall not be affected thereby, provided that the Parties shall negotiate in good faith to reformulate such invalid provision, or part thereof, or related provision, to as closely reflect the original intent of the Parties as possible, consistent with applicable law, and to effectuate such portions as may be valid without defeating the intent of such provision.

IN WITNESS THEREOF, SCPCA and the LECs have executed this Settlement Agreement by their duly authorized representatives in duplicate originals, each of which shall be deemed an original on the dates set forth below.

**South Carolina Public Communications Association**


By: 

Name: WALTER S. RICE, JR.

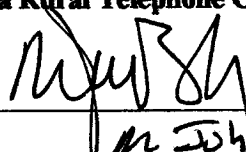
Title: PRESIDENT - SCPCA

Date: 7-25-05

**ALLTEL South Carolina, Inc.**

By:   
Name: Stephen Rowell  
Title: Vice President  
Date: 8-3-05

**Bluffton Telephone Company, Inc., Chesnee Telephone Company, Chester Telephone Company, Farmers Telephone Cooperative, Inc., Fort Mill Telephone Company, Hargray Telephone Company, Inc., Home Telephone Company, Inc., Horry Telephone Cooperative, Inc., Lancaster Telephone Company, Lockhart Telephone Company, Palmetto Rural Telephone Cooperative, Inc., Piedmont Rural Telephone Cooperative, Inc., PBT Telecom, Ridgeway Telephone Company, Rock Hill Telephone Company, Sandhill Telephone Cooperative, Inc., TDS – McClellanville Telephone Company, TDS – Norway Telephone Company, TDS – St. Stephen Telephone Company, TDS – Williston Telephone Company, West Carolina Rural Telephone Cooperative, Inc.**

By:   
Name: Mr. John Bowen, Jr.  
Title: ATTORNEY  
Date: 08/05/05

**ATTACHMENT A**  
**Local Exchange Carriers**

SCPSC Docket No.

ALLTEL South Carolina, Inc.	1997-089-C
Bluffton Telephone Company, Inc.	1997-180-C
Chesnee Telephone Company	1997-174-C
Chester Telephone Company	1997-181-C
Farmers Telephone Cooperative, Inc.	1997-179-C
Fort Mill Telephone Company	1997-182-C
Hargray Telephone Company, Inc.	1997-183-C
Heath Springs Telephone Company	1997-184-C*
Home Telephone Company, Inc.	1997-185-C
Horry Telephone Cooperative, Inc.	1997-186-C
Lancaster Telephone Company,	1997-187-C
Lockhart Telephone Company	1997-188-C
Palmetto Rural Telephone Cooperative, Inc.	1997-189-C
Piedmont Rural Telephone Cooperative, Inc.	1997-190-C
PBT Telecom	1997-191-C
Ridgeway Telephone Company	1997-192-C
Rock Hill Telephone Company	1997-193-C
Sandhill Telephone Cooperative, Inc.	1997-195-C
TDS -- McClellanville Telephone Company	1997-175-C
TDS -- Norway Telephone Company	1997-176-C
TDS -- St. Stephen Telephone Company	1997-178-C
TDS -- Williston Telephone Company	1997-177-C
West Carolina Rural Telephone Cooperative, Inc.	1997-194-C

Heath Springs Telephone Company no longer exists as a legal entity, but is an exchange of Lancaster Telephone Company, which is a party to this Settlement Agreement.